

C.I.A. Denies Any Official Role In Libya Activities of 2 Ex-Agents

By JEFF GERTH

Special to The New York Times

WASHINGTON, Nov. 9 — The Central Intelligence Agency today denied any "official involvement" in the activities of Edwin P. Wilson and Frank E. Terpil, former agents who have been charged with illegally shipping explosives to Libya as part of a program to train terrorists.

In its first public statement on the activities of Mr. Wilson and Mr. Terpil, the C.I.A. said it had conducted a full internal investigation of the case and had cooperated with Congressional and law enforcement inquiries.

The agency said that it had "continued to look into all new allegations of misconduct on the part of current and past employees and thus far has found none."

Over the last six months, questions have been raised by intelligence and law enforcement officials about the agency's handling of the case and the involvement of its officials in the business affairs of Mr. Wilson and Mr. Terpil. They are both fugitives. Mr. Wilson is

living in Tripoli, the Libyan capital, and Mr. Terpil in Beirut, Lebanon.

The agency's comments today came in the form of a 200-word unsigned statement. It was prompted, agency officials said, by news reports. A spokesman for the C.I.A., Dale Petersen, declined to elaborate on the statement or answer questions.

Mr. Wilson and Mr. Terpil left the intelligence agency in 1971, but Mr. Wilson

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went on working for the Office of Naval Intelligence until April 1976, according to intelligence officials. In September 1976, Kevin P. Mulcahy, a former agency employee, first informed the C.I.A. about the Libyan activities of his associates, according to Mr. Mulcahy.

In today's statement, the agency said that in 1976 George Bush, who was then the Director of Central Intelligence, "conducted an extensive investigation of all known contacts with Wilson subsequent to his resignation in 1971." The statement went on: "The investigation did not establish any official involvement by the C.I.A. Some employees were found to have provided support to Wilson and Terpil without official agency sanction and action was taken against them."

Some Have Different Recollection
Others familiar with the agency's handling of the affair, including Mr. Mulcahy, intelligence officials and law enforcement officials, have a different recollection.

They said that in 1976 the C.I.A. conducted only a limited investigation of Mr. Mulcahy's allegations. The investigation was not more complete, they said, for two main reasons: A key agency official associated with Mr. Wilson wrote a memorandum to discredit Mr. Mulcahy, and information about Mr. Wilson's activities was withheld from senior agency officials.

In April 1977, following a news account of Mr. Wilson's activities in Libya, a militant Arab nation in North Africa, Starsfield Turner, the director of the agency at the time, conducted a more thorough investigation, officials said. That inquiry resulted in the dismissal of two agency employees and the

transfer of several others involved with Mr. Wilson.

But at least a year after Mr. Turner's investigation, key C.I.A. employees continued to have business relationships with Mr. Wilson, according to intelligence officials and associates of Mr. Wilson. For example, in June 1978, Mr. Wilson organized a corporation for Thomas G. Clines, then a senior agency official, according to Mr. Clines.

Meeting of Timing Devices

Mr. Clines acknowledged that he was present at a 1976 meeting at which Mr. Wilson planned the sale of explosive timing devices to Libya.

Mr. Wilson also used other active-duty C.I.A. employees in some of his business deals, including the recruitment of retired army Special Forces

troops to train Libyans and the transfer of sensitive military technology to other Middle Eastern countries, according to participants in these activities.

Associates of Mr. Wilson have said that his private business relationships with active-duty agency personnel left them with the implicit, if not explicit, understanding that the agency either officially or unofficially supported or condoned his activities.

In 1980, four years after Mr. Mulcahy brought his information to the C.I.A., a Federal grand jury indicted Mr. Wilson and Mr. Terpil for their activities in 1976 and 1977 on behalf of Libya. Federal prosecutors, who say they have received assurances in the past from the agency that it had no official involvement in Mr. Wilson's or Mr. Terpil's activities, un-

sealed a superseding indictment of the two men last month.

Allegations Referred to F.B.I.

In its statement today, the C.I.A. said it had "referred" to the Federal Bureau of Investigation and United States Attorney's office "all allegations of criminal complicity."

The House Select Committee on Intelligence is conducting an investigation into the activities of Mr. Wilson and Mr. Terpil, including an examination of the intelligence agency's handling of the case. The agency said it continued to "cooperate fully" with the House investigation. Congressional sources said that they were receiving full cooperation from the agency and that they expected to hold hearings before the end of the year.

Text of the C.I.A.'s Statement

Special to The New York Times

WASHINGTON, Nov. 9 — Following is the text of a statement released today by the Central Intelligence Agency on the activities of two former C.I.A. agents.

The Central Intelligence Agency categorically denies all allegations involving it in illegal acts allegedly committed by former employees Edwin P. Wilson and Frank Terpil and their associates.

In 1976 when information was first received that former agency employee Edwin Wilson had engaged in allegedly illegal activities, the then Director of Central Intelligence conducted an extensive investigation of all known contacts with Wilson subsequent to his resignation in 1971. The investigation did not establish any official involvement by the C.I.A. Some employees were found to have provided support to Wilson and Terpil without official

agency sanction and action was taken against them.

In accordance with executive order 12038, all allegations of criminal complicity have been referred to the Federal Bureau of Investigation and United States Attorney's Office, those agencies having law enforcement authority.

The agency has continued to look into all new allegations of misconduct on the part of current and past employees and thus far has found none. The agency is continuing to cooperate fully with the House Permanent Select Committee on Intelligence in its broad examination of illegal and unethical activities by former Government employees.